



MONTGOMERY COUNTY ETHICS COMMISSION

Steven Rosen
Chair

Kenita V. Barrow
Vice Chair

March 7, 2018

Waiver 18-03-005

Marlene Michaelson
Council Administrator
100 Maryland Avenue, 4th Floor
Rockville, MD 20850

Dear Ms. Michaelson:

For the reasons stated below, the Ethics Commission grants your request for a waiver to allow you to represent the County in matters affecting Amazon.com, Inc. ("Amazon") as discussed further below.

Your husband owns 12 shares of Amazon common stock with an approximate value of \$18,000. His ownership of the shares is through a retirement plan vehicle where he neither chooses the investments the plan will make nor how much will be invested in any of the investment choices the plan makes. (The top holdings of the retirement plan are large, publicly traded, companies.) Amazon, headquartered in Seattle, Washington, is a publicly traded company with a market capitalization of approximately 740 billion dollars, one of the top five biggest companies in the world by market capitalization. Pursuant to § 19A-11(c)(3) of the County Code, you have an "economic interest" in Amazon.

Section 19A-11(a)(1) of the County Code prohibits employees from working on a matter that affects (in a manner distinct from its effects on the public generally) a business in which the employee or a relative of an employee has an economic interest. You have requested a waiver of this restriction pursuant to Montgomery County Code § 19A-8 so that you may participate in matters relating to Amazon's consideration of Montgomery County as a location for a second headquarters for the company. According to news reports, Montgomery County is one of 20 finalists under consideration for the location of the Amazon second headquarters. A waiver would allow you to be involved in the County's activities related to Amazon's consideration of Montgomery County as a headquarters location.

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Amazon conducts wide ranging business enterprises; it offers for sale a wide range of products and services to customers through online transactions. The products offered on its consumer-facing websites primarily include merchandise and content it has purchased for resale from vendors and those offered by third-party sellers. Amazon also manufactures and sells electronic devices and conducts several other business ventures.

Section 19A-8 provides that the Commission may grant to a public employee a waiver if it finds that:

- (1) the best interest of the County would be served by granting the waiver;
- (2) the importance to the County of a public employee . . . performing official duties outweighs the actual or potential harm of any conflict of interest; and
- (3) granting the waiver will not give a public employee or class of employees an unfair economic advantage over other public employees or members of the public.

The Ethics Commission finds that the best interest of the County would be served by granting the waiver. In your capacity as the Council Administrator, the County has an interest in your being involved in matters relating to Amazon's consideration of Montgomery County as a location for its second headquarters.

The Commission notes that whatever your role is in the County's approach to the matter, the decision of where Amazon will locate its second headquarters is that of the company, so there is inherently a limit to what role the County or any of its employees could play in that decision-making function. Additionally, while the decision of where a large global company will locate its headquarters is important, the notion such a decision will predictably or even measurably affect a company's stock is speculative at the least.

While the value of shares owned by your spouse is not insignificant, it is miniscule in relation to the overall capitalization of the Company. Given the scope of Amazon's overall business enterprise and the limited nature of your holdings, it is difficult to imagine that your work on the matter could have any effect on your husband's stock holdings. If, in the unlikely event there was some effect, that effect would be unpredictable. The Commission believes that no reasonable person could question your impartiality or objectivity as a consequence of your husband's holding of Amazon shares. Accordingly, the Commission finds that the importance of your participation in the matter far outweighs the very remote and limited potential harm of any conflict of interest. Moreover, the Commission can see no unfair economic advantage that you would obtain over other public employees or members of the public as a result of its granting this waiver.

The Commission notes that the President of the County Council, your agency head, concurs in your waiver request.

This waiver presumes that you and your spouse will not purchase or direct any person to purchase Amazon shares on your behalf; however, this limitation does not apply with respect to any shares purchased through a retirement account through which investment advisors exercise discretion in purchasing investments for your husband's account.

The Ethics Commission has relied on the representations made in your request in granting this waiver.

For the Commission,



Steven Rosen, Chair